

Lancashire Schools Forum

14 January 2020

Schools Budget 2020/21

Forecast DSG for 2020/21

All allocations based on national funding formulae

Forecast DSG Income	£m's
Schools Block	781.518
High Needs Block	135.479
Early Years Block	80.468
Central Schools Services Block	6.387
Gross Total forecast DSG Income	1,003.852
Total deductions for direct high needs payments made by the ESFA	-7.880
Net Total forecast DSG Income	995.972

Estimated Schools Budget 2020/21

Forecast DSG Expenditure	£m's
Schools Block	779.518
High Needs Block	127.137
Early Years Block	82.468
Central Schools Services Block	6.387
Additional High Needs places to be paid direct by ESFA	0.462
Total forecast DSG Expenditure	995.972

Comparison to 2019/20

- In aggregate terms the 2020/21 Gross DSG allocation is some £55m higher than that received in 2019/20
- This increase is due to
 - The increased £2.6b funding nationally made available by Government, including £700m for HNB;
 - The increased £66m nationally for the Early Years Block;
 - An increase in the numbers of pupils in Lancashire calculation of all funding blocks compared to 2019/20
- The increased funding will provide significant funding increases for some schools but other schools and providers will only receive inflationary level per pupil increases
- Therefore a significant number may continue to face a challenging financial environment

Schools Block 2020/21

- Forum previously agreed that the Government's NFF methodology should be used to make allocations to schools and academies from 2018/19
- 2020/21 NFF changes include:
 - Mandatory Minimum Pupil Funding levels (£5,000 per pupil for secondary; 3,750 per pupil for primary)
 - 4% increase in most factor values;
 - Formulaic mobility factor allocations

Schools Block Budget Funding Rates

	Final 2019/20 Rates (£)		Final 2020/21 Rates (£)	
	Primary	Secondary	Primary	Secondary
Basic Entitlement	2,746.99	KS3 – 3,862.65 KS4 – 4,385.81	2,857.00	KS3 – 4,018.00 KS4 – 4,561.00
Lump Sum	110,000.00	110,000.00	114,400.00	114,400.00
Sparsity	25,000.00	65,000.00	26,000.00	67,600.00
Prior Attainment	1,022.00	1,550.00	1,065.00	1,610.00
EAL	515.00	1385.00	535.00	1,440.00
CLA	0	0	0	0
FSM	440.00	440.00	450.00	450.00
FSM Ever6	540.00	785.00	560.00	815.00
IDACI Band F	200.00	290.00	210.00	300.00
IDACI Band E	240.00	390.00	250.00	405.00
IDACI Band D	360.00	515.00	375.00	535.00
IDACI Band C	390.00	560.00	405.00	580.00
IDACI Band B	420.00	600.00	435.00	625.00
IDACI Band A	575.00	810.00	600.00	840.00

Schools Block 2020/21

- Modelling follows Schools Block recommendations of an MFG of +1.84% with no cap on gains;
- The NFF can be implemented in full as the local formula and leaves circa £2m of headroom (0.26% of the Schools Block, from the Growth allocation);
- Following consultation with schools, the Schools Block, recommend that headroom be transferred to support pressures in the other funding Blocks in 2020/21
- Note that once approved by Cabinet, Schools Block proposals are subject to compliance checking by the DfE.

Growth Funding

- Policy Agreed by Schools Forum in January 2019 provides that schools are funded at the relevant Minimum Pupil Funding (MPF) rate contained in the National Funding Formula (NFF)
- Proposed that new Growth Fund allocations from April 2020 are paid at the new NFF MPF rates:
 - Primary £3,750 per pupil
 - Secondary £5,000 per pupil

High Needs Block 2020/21

- DfE announcements provide extra £700m nationally for HNB in 20/21
- Lancashire's share equates to circa £17m additional funding
- Modelling of the additional HNB funding suggests that:
 - the forecast growth in expenditure from April 2020 can be covered
 - a similar level of increase to funding rates as that applying to the Schools Block rates can be afforded

High Needs Block 2020/21

Weighted Pupil Numbers (WPN)

- WPN rates across all school and FE settings to be increased by 5%
 - 4% similar to Schools Block NFF 20/21 uplift
 - plus 1% similarly received by mainstream schools in the 2 year NFF implementation 18/19 & 19/20
- Rate from April 2020 will be £4,305

Special Schools Specific

- School Specific realigned to be more equitable and transparent
 - on a total basis equating to circa 5%

High Needs Block 2020/21

PRUs

- Rate for School Specific allocations uplifted by 4%
- Rate for Excluded Pupils, Medical and Other pupils uplifted by 4%, in line with NFF rates

Hospital Education

- As per HNB WG recommendations Hospital Education budget increased to £858k

Commissioned Places 2020/21

- HNB proposals incorporate place numbers as per the report to HNB WG

HNB Future years

- No confirmation from DfE of any additional HNB allocations for future years
- HNB projects continuing to ensure that best use is being made of the High Needs resources available and minimise as far as possible the current future years forecasted overspends, now revised down to £25m by 2023/24.

Early Years Block 2020/21

- 2020/21 allocations for 2, 3 and 4 years olds increased by 8p per hour by DfE
- Lancashire still receives the lowest allocation of EYNFF nationally (along with about 1/3 of LAs)
- Considerable strain on the sector as cost pressures increase (particularly wage costs)
- The way the EYB is funded provides a provisional allocation which will be finalised in July 2021 with the DSG reserve underwriting any uncertainties

National Living Wage

- The National Living Wage (NLW) increases from April 2020 have been announced:
 - The National Living Wage for ages 25 and above - up 6.2% to £8.72
 - The National Minimum Wage for 21 to 24-year-olds - up 6.5% to £8.20
 - For 18 to 20-year-olds - up 4.9% to £6.45
 - For under-18s - up 4.6% to £4.55
 - For apprentices - up 6.4% to £4.15

Early Years Block

- Proposed to transfer all £2m headroom from Schools Block to EYB
- This would provide for one year only:
 - support to enable the increase in Government funding for 2 year olds to be passed on in full, currently the 2 year old base rate is subsidised by the 3&4 year funding in 2019/20;
 - an local increase to the 3&4 year old base rates of an additional 8p per hour, in addition to that provided by the increased Government funding;
 - an increased of £200k to the SEN Inclusion Fund from April 2020, to provide a higher budget to support early years pupils with high needs.

Early Years Block

- Proposals would provide the following rates for 2020/21:
 - 2 Year Old Base rate- £5.08 per hour (compared to £5.00 in 2019/20)
 - 3&4 Year Old Base rate- £4.29 per hour (compared to £4.13 in 2019/20)
 - SEN Inclusion Fund of £500k
 - Other elements of the Early Years formula remain unchanged from 2019/20

Early Years Block

2020/21 Base Rates

	2019/20 Base Rates	2020/21 Base Rates		
		DfE Funded Uplift	Local Uplift (one year only)	Total
	Per Hour	Per Hour	Per Hour	Per Hour
2 Year Olds	£5.00	£0.08	-	£5.08
3&4 Year Olds	£4.13	£0.08	£0.08	£4.29

Central Schools Services Block

	Central School Services Block 2019/20	Central School Services Block 2020/21	Variance
	£m	£m	£m
ESG Retained Duties (transferred to DSG)	2.591	2.591	-
Overheads	0.244	0.262	0.018
Copyright Licence	0.937	0.960	0.023
Pupil Access (Admissions)	0.937	0.937	-
School Forum	0.188	0.188	-
Early Intervention	0.350	0.350	-
PFI - Sixth Form	0.684	0.859	0.175
Prudential Borrowing	0.240	0.240	-
Total CSSB	6.170	6.387	0.216



CSSB Combined Budgets

- Forum made considerable reduction in this area over recent years, in accordance with DfE requirements
 - 2017/18 - £1,243k
 - 2018/19 - £450k
- For 2020/21, Working Groups recommended continuation of 2019/20 allocations:
 - MASH (£150k)
 - Emotional Health and Wellbeing Service (200k)
- In 2019/20, Forum reduced expenditure by ceasing a contribution to Domestic Abuse
- Correspondence received from Police and Crime Commissioner for Lancashire

Lancashire Victim Services – Contribution to Domestic Abuse Support for Young People

- It is my understanding that the Schools Forum has decided to cease their annual contribution of £200,000 to Lancashire Victim Services. This funding is a vital contribution to the services that support children and young people who are victims and/or witnesses of domestic abuse provided through NEST Lancashire, the dedicated service for young people who are victims of crime. The funding also contributes to the wider family support offered by both the Independent Domestic Violence Advocates (IDVAs) and the Independent Victim Advocates (IVAs).
- Whilst I appreciate that funding is under extreme pressure for all local authority services I am writing to ask the Forum to reconsider this decision and to ask that this vital contribution continue to allow the service to remain in place.
- If the Forum determines that it cannot reconsider their position and can no longer make the contribution I ask for written confirmation as soon as possible. This will enable me to let the service users and providers know of any reduction or cessation to services that may be required due to the removal of your support.
- If you wish to speak with my team about options for continued support, please do not hesitate to contact my office.

Commissioned Services

<u>Commissioned Services</u>	Approved Budget 2019/20	High Needs Budget	Early Years Budget	Central School Services Block	Total	Variance
	£m	£m	£m	£m	£m	£m
					-	-
PFI - Special	1.181	1.176			1.176	(0.005)
Commissioned Alternative Provision services	2.000	1.000	-	-	1.000	(1.000)
Hospital Provision	0.714	0.858	-	-	0.858	0.144
Out County - Specialist provision places	15.097	16.000	-	-	16.000	0.903
Out County - Mainstream / academies places	1.374	1.410	-	-	1.410	0.036
SEND Specialised Equipment	0.447	0.447	-	-	0.447	-
SEND Inclusion Projects	1.047	0.747	0.500	-	1.247	0.200
SEND Teachers & Support	4.264	3.464		-	3.464	(0.800)
Multi Agency Development	0.075	0.075	-	-	0.075	-
Support for Vulnerable Pupils - SI	0.908	0.899	-	-	0.899	(0.009)
Overheads	1.668	1.651	-	-	1.651	(0.017)
Total Commissioned Services	28.775	27.727	0.500	-	28.227	(0.548)

DSG Balances

Year end	DSG Reserve	In year movement
31.03.15	£27.94m	
31.03.16	£20.15m	-£7.79m
31.03.17	£20.69m	£0.54m
31.03.18	£14.40m	-£6.29m
31.03.19	£12.74m	-£1.66m

- Forecast 2019/20 overspend is up to £3.6m

Chair's Group Recommendations

Schools Block

- Set a 2020/21 MFG of +1.84% with no cap on gains
- Confirm the transfer of Schools Block headroom of circa £2m (0.26% of the Schools Block) once the National Funding Formula (NFF) methodology has been implemented in full as the local formula, to support other funding blocks
- Confirm the use of the relevant 2020/21 Minimum Pupil Funding (MPF) rates contained in the NFF for any new Growth Fund allocations from April 2020
 - Primary £3,750 per pupil
 - Secondary £5,000 per pupil

Chair's Group Recommendations

High Needs Block

- Support the increased HNB allocation being utilised to cover the forecast growth in High Needs expenditure from April 2020
- Support the increase in HNB expenditure to broadly match uplifts in the maintained sector , including:
 - Increasing the Weighted Pupil Numbers (WPN) rate by 5% to £4,305
 - School Specific realigned to be more equitable and transparent on a total basis equating to circa 5%
 - Uplift the PRU School Specific rate by 4%
 - Uplift the PRU Excluded Pupils, Medical and Other pupils rates in line with NFF rates
 - Increase the Hospital Education budget to £858k

Chair's Group Recommendations

Early Years Block

- Support the passporting of increased Government 2020/21 allocations for 2, 3 and 4 years olds by increasing base rates by 8p per hour
- Support the transfer of all the £2m Schools Block Headroom to the Early Years Block, to provide
 - support to enable the increase in Government funding for 2 year olds to be passed on in full, currently the 2 year old base rate is subsidised by the 3&4 year funding in 2019/20;
 - an additional local increase to the 3&4 year old base rates of 8p per hour, in addition to that provided by the increased Government funding;
 - an increased of £200k to the SEN Inclusion Fund from April 2020, to provide a higher budget to support early years pupils with high needs

Chair's Group Recommendations

Central School Services Block

- Note the correspondence from the Police and Crime Commissioner for Lancashire in connection with the Domestic Abuse service
- Acknowledge the value of the Domestic Abuse service
- Note the DfE requirements in Regulations and Operation Guidance relating to Dedicated Schools Grant (DSG) 'historic commitments' funding
- Agree the allocation of DSG Combined Budgets as follows
 - MASH - £150k
 - Emotional Health and Wellbeing Service - £200k

Chair's Group recommendations

- Support formal approval of the budget lines requiring Forum agreement (as set out at Appendix B to the Forum report)
- Support the Dedicated Schools Grant Reserve underwriting the uncertainties around the 2020/21 DSG Schools Budget, across Schools Block, High Needs Block, Early Years Block and CSSB.

Any Questions?

Lancashire Schools Forum

The Forum is asked to:

- Support the Schools Budget proposals for 2020/21 for the Schools Block, High Needs Block, Early Years Block and Centrally School Services Block;
- Support the Dedicated Schools Grant Reserve underwriting the uncertainties around the Schools Budget 2020/21;

Eligible to vote:



Lancashire Schools Forum

The Forum is asked to:

- Formally approve the Central Items budget lines requiring Forum agreement (as set out at Item 6a Appendix B).

Eligible to vote:

